



## DEPARTMENT OF COMMERCE

### Patent and Trademark Office

#### 37 CFR Parts 1 and 11

[Docket No. PTO-C-2021-0045]

RIN 0651-AD58

### Changes to the Representation of Others Before the United States Patent and Trademark Office

**AGENCY:** United States Patent and Trademark Office, Department of Commerce.

**ACTION:** Notice of proposed rulemaking.

**SUMMARY:** The U.S. Patent and Trademark Office (USPTO or Office) proposes to amend the rules of practice in patent cases and the rules regarding the representation of others before the USPTO to better protect the public and improve compliance with USPTO requirements. In particular, this rulemaking proposes to formalize the USPTO's Diversion Pilot Program for patent and trademark practitioners whose physical or mental health issues or law practice management issues resulted in minor misconduct. Formalizing the Pilot would align USPTO disciplinary practice with a majority of states and provide practitioners an opportunity to address the root causes of such misconduct. In addition, the USPTO proposes to require foreign attorneys or agents granted reciprocal recognition in trademark matters to provide and update their contact and status information or have their recognition withdrawn so the public will have access to up-to-date information. Also, the USPTO proposes to defer to state bars regarding fee sharing between practitioners and non-practitioners to reduce the potential for conflicts between USPTO and state bar rules. Further, the USPTO proposes to remove a fee required when changing one's status from a patent agent to a patent attorney and to make minor adjustments to other rules related to the representation of others before the USPTO.

**DATES:** Written comments on the proposed rule and draft diversion guidance document must be received on or before [INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

**ADDRESSES:** For reasons of Government efficiency, comments on the proposed rule and draft diversion guidance document must be submitted through the Federal eRulemaking Portal at [www.regulations.gov](http://www.regulations.gov). To submit comments via the portal, one should enter docket number PTO-C-2021-0045 on the homepage and click “search.” The site will provide search results listing all documents associated with this docket. Commenters can find a reference to this rulemaking and click on the “Comment Now!” icon, complete the required fields, and enter or attach their comments. Comments on the proposed rule and draft diversion guidance document should be addressed to Will Covey, Deputy General Counsel for Enrollment and Discipline and Director for the Office of Enrollment and Discipline (OED Director). Attachments to electronic comments will be accepted in Adobe® portable document format (pdf) or Microsoft Word® format. Because comments will be made available for public inspection, information that the submitter does not desire to make public, such as an address or phone number, should not be included in the comments.

Visit the Federal eRulemaking Portal for additional instructions on providing comments via the portal. If electronic submission of or access to comments is not feasible due to a lack of access to a computer and/or the internet, please contact the USPTO using the contact information below for special instructions.

**FOR FURTHER INFORMATION CONTACT:** Will Covey, Deputy General Counsel for Enrollment and Discipline and OED Director, at 571-272-4097.

**SUPPLEMENTARY INFORMATION:**

**Purpose:**

The USPTO proposes to amend 37 CFR parts 1 and 11 to better protect the public and improve compliance with the requirements of part 11. 35 U.S.C. 2(b)(2)(A) and 2(b)(2)(D) provide the

USPTO with the authority to establish regulations to govern “the conduct of proceedings in the Office” and “the recognition and conduct of agents, attorneys, or other persons representing applicants or other parties before the Office,” respectively. Title 37 CFR part 11 contains those regulations that govern the representation of others before the USPTO, including regulations related to the recognition to practice before the USPTO, investigations, and disciplinary proceedings, and the USPTO Rules of Professional Conduct.

The USPTO seeks to formalize its Diversion Pilot Program initiated in September 2017 for patent and trademark practitioners whose physical or mental health issues or law practice management issues resulted in minor misconduct. The public has been supportive of the Pilot. Making the Pilot permanent will provide practitioners an opportunity to address the root causes of such misconduct to adhere to high standards of ethics and professionalism in order to provide valuable service to the public. Also, it will align USPTO disciplinary practice with a majority of state attorney disciplinary systems.

The USPTO also seeks to require foreign attorneys or agents granted reciprocal recognition in trademark matters to provide and update their contact and status information or have their recognition withdrawn in order to provide the public with current information.

Further, certain state bars have begun permitting the sharing of legal fees between a practitioner and a non-practitioner. However, such arrangements are currently prohibited by the USPTO Rules of Professional Conduct, creating potential conflicts for patent and trademark practitioners who are licensed to practice law in those states. Accordingly, the USPTO proposes to defer to state bars regarding certain aspects pertaining to the sharing of legal fees between a practitioner and a non-practitioner in order to reduce the potential for such conflicts.

Lastly, the USPTO proposes to make revisions to promote efficiency and clarity in its regulations, such as to remove a fee required when changing one’s status from a patent agent to a patent attorney in order to encourage more practitioners to update their status; align the rule governing the limited recognition of persons ineligible to become registered to practice before

the Office in patent matters because of their immigration status with existing practice; clarify procedures and improve efficiencies regarding disciplinary proceedings and appeals; and remove a reference to “emeritus status.”

### *Formalizing a Diversion Program for Practitioners*

The USPTO seeks to formalize its OED Diversion Pilot Program for patent and trademark practitioners whose physical or mental health issues or law practice management issues resulted in minor misconduct. For example, a practitioner who lacked diligence in a matter due to a law practice management issue that resulted in minimal impact on their clients and/or the public may wish to consider diversion. Accordingly, the program allows those practitioners to avoid formal discipline by entering into, and successfully completing, diversion agreements with the OED Director. The goal of the program is to help practitioners address the root causes of such misconduct and adhere to high standards of ethics and professionalism in order to provide valuable service to the public.

Diversion is intended to be an action that the OED Director may take to dispose of a disciplinary investigation. The program is not typically available to a practitioner after the filing of a disciplinary complaint. However, in extraordinary circumstances, the OED Director may enter into a diversion agreement with an eligible practitioner after a complaint under 37 CFR 11.34 has been filed. If diversion is requested after a complaint has been filed, the matter will be referred to the OED Director for consideration. The terms of any diversion agreement will be determined by the OED Director and the practitioner.

In 2017, the USPTO initiated the OED Diversion Pilot Program for patent and trademark practitioners. The Pilot Program has enabled practitioners to successfully implement specific remedial measures and improve their practice, and the USPTO has received public comment urging that the Pilot Program be incorporated into part 11. *See* Changes to Representation of Others Before the United States Patent and Trademark Office, 86 FR 28442, 28446 (May 26, 2021). Accordingly, the USPTO proposes changes to part 11 to formalize the Pilot Program. As

the Pilot Program is set to expire in November 2022, formalizing the Pilot Program will emphasize the USPTO's commitment to wellness within the legal profession and align the USPTO with the practices of more than 30 attorney disciplinary systems in the United States.

The criteria for participation are set forth in proposed rule 37 CFR 11.30. The criteria address eligibility, completion of the program, and material breaches of the program. Based on the American Bar Association Model Rules for Lawyer Disciplinary Enforcement, the criteria also draw from experience gained during the administration of the Pilot Program. Specifically, the criteria now allow practitioners who have been disciplined by another jurisdiction within the past three years to participate if the discipline was based on the conduct that forms the basis for the OED Director's investigation. For example, participation in the USPTO's diversion program may be appropriate in cases in which the practitioner was recently publicly disciplined by a jurisdiction that does not have a diversion program. *See Changes to Representation of Others Before the United States Patent and Trademark Office*, 86 FR 28442, 28443 (May 26, 2021). Additional experience gained from the Pilot Program also indicates that eligibility could be extended to practitioners evidencing a pattern of similar misconduct if the misconduct at issue is minor and related to a chronic physical or mental health condition or disease. Under the Pilot Program criteria, practitioners recently disciplined by another jurisdiction and practitioners evidencing a pattern of similar misconduct were not eligible to participate.

The OED Director may consider all relevant factors when determining whether a practitioner meets the criteria. *See generally*, Model Rules of Lawyer Disciplinary Enforcement Rule 11 cmt. (American Bar Association, 2002) ("Both mitigating and aggravating factors should also be considered. The presence of one or more mitigating factors may qualify an otherwise ineligible respondent for the program."). Any aspects of diversion not fully addressed

in § 11.30, such as specific details regarding the material breach of an agreement, will be addressed in individualized diversion agreements.

The USPTO believes that the diversion program is a valuable tool that will benefit the public by fostering the skills and abilities of those individuals who represent others before the USPTO. Additional information may be found in a draft diversion guidance document, available at <https://www.uspto.gov/sites/default/files/documents/OED-Diversion-Guidance-Document.pdf>. Comments regarding the draft diversion guidance document must be provided as discussed in the **DATES** and **ADDRESSES** sections above.

*Changes to the Regulation of Foreign Attorneys or Agents Granted Reciprocal Recognition in Trademark Matters*

The USPTO proposes to amend § 11.14 to ascertain the status and contact information of foreign attorneys or agents who are granted reciprocal recognition in trademark matters under § 11.14(c)(1). The proposed amendments will provide potential clients with more certainty regarding the good standing of a foreign attorney or agent.

Accordingly, the USPTO proposes that any foreign attorney or agent granted reciprocal recognition in trademark matters under § 11.14(c)(1) must provide the OED Director their postal address, at least one and up to three email addresses where they receive email, and a business telephone number, as well as any change to these addresses and telephone number, within 30 days of the date of any change. A foreign attorney or agent granted reciprocal recognition under § 11.14(c)(1) must also notify the OED Director of any lapse in their authorization to represent clients before the trademark office in the country in which they are registered and reside.

The USPTO also proposes that the OED Director may address a letter to any foreign attorney or agent granted reciprocal recognition under § 11.14(c)(1) for the purposes of ascertaining the validity of the foreign attorney or agent's contact information and good standing with the trademark office or other duly constituted authority in the country in which they are registered and reside (for Canadian trademark agents, the term "trademark office" shall mean the

College of Patent Agents and Trademark Agents with respect to matters of practice eligibility in Canada). Any such foreign attorney or agent failing to reply and provide any information requested by the OED Director within a time limit specified would be subject to having their reciprocal recognition withdrawn by the OED Director. Withdrawal of recognition by the OED Director does not obviate the foreign attorney's or agent's duty to comply with any other relevant USPTO rules, such as the requirement to withdraw from pending trademark matters.

Unless good cause is shown, the OED Director shall promptly withdraw the reciprocal recognition of foreign attorneys or agents who: (1) are no longer eligible to represent others before the trademark office of the country upon which reciprocal recognition is based, (2) no longer reside in such country, (3) have not provided current contact information, or (4) failed to reply to the letter from the OED Director within the time limit specified and/or provide any of the information requested by the OED Director in that letter. The proposed rule shall require the OED Director to publish a notice of any withdrawal of recognition.

Lastly, the USPTO proposes that any foreign attorney or agent whose recognition has been withdrawn may reapply for recognition upon submission of a request to the OED Director and payment of the application fee in § 1.21(a)(1)(i), as provided under amended § 11.14(f).

*Removal of the Term "Nonimmigrant Alien" From § 11.9(b)*

The USPTO proposes to revise 37 CFR 11.9(b) in regard to limited recognition for individuals who are neither U.S. citizens nor lawful permanent residents, but who nevertheless have been granted status and the authority to work in the United States by the U.S. Government in order to practice before the USPTO in patent matters. Specifically, the USPTO proposes to remove the term "nonimmigrant alien" from § 11.9(b) because the term does not include all individuals eligible for limited recognition under this provision. For example, the term "nonimmigrant alien" does not include all individuals who are neither U.S. citizens nor lawful permanent residents, but who nevertheless have been granted status and the authority to work in the United States by the U.S. Government. Rather, the appropriate description for those who may qualify for limited

recognition includes individuals who: (1) are ineligible to become registered under § 11.6 because of their immigration status, (2) are authorized by the U.S. Government to be employed or trained in the United States to represent a patent applicant by preparing or prosecuting a patent application, and (3) meet the requirements of paragraphs (d) and (e) of § 11.9. This revision would result in no change in practice.

*Clarification That Limited Recognition Shall Not Be Granted or Extended to a Non-U.S. Citizen Residing Outside the United States*

The USPTO proposes to amend § 11.9(b) to clarify that limited recognition to practice before the USPTO in patent matters for individuals who are neither U.S. citizens nor lawful permanent residents, but who nevertheless have been granted status and the authority to work in the United States by the U.S. Government, shall not be granted or extended to non-U.S. citizens residing outside the United States. This is consistent with current practice in which an individual's limited recognition will not terminate if the individual has been approved by the U.S. Government to temporarily depart from the United States, but will terminate when the individual ceases to reside in the United States.

*Removal of Fee Required When Changing Status From Patent Agent to Patent Attorney*

The USPTO proposes to eliminate the \$110.00 fee in § 1.21(a)(2)(iii) that is charged when a registered patent agent changes their registration from an agent to an attorney. It is expected that the removal of this fee will improve the accuracy of the register of patent attorneys and agents by incentivizing patent agents who become patent attorneys to promptly update their status in that register.

*Arrangements Between Practitioners and Non-practitioners*

The USPTO proposes to add § 11.504(e) to allow a practitioner who is an attorney to share legal fees with a non-practitioner, to form a partnership with a non-practitioner, or to be part of a for-profit association or corporation owned by a non-practitioner, provided such arrangement fully complies with the laws, rules, and regulations of the attorney licensing authority of a State that



regulates such arrangement and in which the practitioner is an active member in good standing. Accordingly, this addition provides the practitioner some flexibility when considering a business arrangement with a non-practitioner when such business arrangement might have previously conflicted with § 11.504(a), (b), and (d)(1) and (2) of the USPTO Rules of Professional Conduct. However, that flexibility does not obviate the practitioner's obligations under any other USPTO rules, including the USPTO Rules of Professional Conduct, that may be relevant to such an arrangement. Further, this addition does not permit a person who recommends, employs, or pays the practitioner to render legal services for another to direct or regulate the practitioner's professional judgment in rendering such legal services as described in § 11.504(c), nor does this addition permit the practitioner to practice with or in the form of a professional corporation or association authorized to practice law for a profit, if a non-practitioner has the right to direct or control the professional judgment of the practitioner as described in § 11.504(d)(3).

#### *Clarification of Written Memoranda Regarding Motions in Disciplinary Proceedings*

The USPTO proposes to amend § 11.43 to clarify that: (1) only motions for summary judgment and motions to dismiss are required to be accompanied by a written memorandum, and (2) the prescribed time periods to file response and reply memoranda regarding such motions only apply to motions for summary judgment and motions to dismiss. While not intended to discourage parties from providing support for other types of motions, limiting memoranda and the specified briefing schedule to motions for summary judgment and motions to dismiss promotes the goal of continued efficient progress of disciplinary proceedings. Hearing officers retain the discretion to order memoranda and set time limits for other types of motions and papers.

#### *Clarification That Disciplinary Hearings May Continue to Be Held by Videoconference*

The USPTO proposes to amend § 11.44(a) to clarify that hearings may be held by videoconference. The amendment reflects the current practice of scheduling and conducting remote hearings. The amendment also clarifies that a stenographer need not be used to create a hearing transcript.

*Five Days to Serve Discovery Requests After Authorization; 30 Days to Respond After Service*

The USPTO proposes to amend § 11.52 to improve the procedures for written discovery in disciplinary proceedings and to order those procedures in a more chronological fashion.

Accordingly, the contents of paragraphs (a) and (b) are proposed to be restructured into revised paragraphs (a), (b), and (c), and paragraphs (c) through (f) are redesignated as paragraphs (d) through (g).

First, under paragraph (a), the amended rule sets forth the types of requests for which a party may seek authorization in a motion for written discovery. While the current rule sets forth the information in paragraph (b), the amended rule logically sets forth the information in paragraph (a) because paragraph (a) pertains to the content of the initial motion for written discovery.

Second, under paragraph (b), the amendment requires a copy of the proposed written discovery requests and a detailed explanation, for each request made, of how the discovery sought is reasonable and relevant to an issue actually raised in the complaint or the answer. Any response to the motion shall include specific objections to each request, if any. Any objection not raised in the response will be deemed to have been waived.

Third, under paragraph (c), the amendment requires the moving party to serve a copy of any authorized discovery requests following the issuance of an order authorizing discovery within a default deadline of five days following the order. This requirement ensures that the opposing party promptly receives a copy of the authorized requests to which the party must respond. Amended paragraph (c) also sets a default deadline of 30 days from the date of service of the authorized requests for the opposing party to serve responses. Setting the default period to begin on the date of service provides the opposing party a predictable and definitive time period for responding to authorized discovery requests in circumstances in which the hearing officer's order does not specify a different deadline.

*Changes to Procedures Regarding Appeals to the USPTO Director*

The USPTO proposes to amend § 11.55(m) to remove the requirement to submit a supporting affidavit when moving for an extension of time to file a brief regarding an appeal of the initial decision of a hearing officer and to place the amended requirement to file a motion for an extension in a new paragraph (p) at the end of § 11.55. Affidavits would be removed to eliminate an unnecessarily burdensome requirement in requesting the extension of time, while retaining the necessity to show good cause. The provision would be moved to the new paragraph (p) because it logically falls at the end of § 11.55.

#### *Removal of Emeritus Status*

The USPTO proposes to remove the reference to “emeritus status” in § 11.19(a) because no such status was ever finalized and inadvertently remains from a previous rulemaking.

#### **Discussion of Specific Rules:**

The USPTO proposes to eliminate the fee in § 1.21(a)(2)(iii) for changing one’s status from a registered patent agent to a registered patent attorney.

The USPTO proposes to amend § 11.7(l) to reflect the elimination of the fee set forth in § 1.21(a)(2)(iii).

The USPTO proposes to amend § 11.9(b) to remove the term “nonimmigrant alien” and to clarify that limited recognition shall not be granted or extended to a non-U.S. citizen residing outside the United States.

The USPTO proposes to amend § 11.14(c)(1) to remove unnecessary references to paragraph (c).

The USPTO proposes to amend § 11.14(f) to add references to § 11.14(c)(1) where § 11.14(c) is presently referenced.

The USPTO proposes to add § 11.14(g) to create a requirement for a foreign attorney or agent granted reciprocal recognition under § 11.14(c)(1) to notify the OED Director of updates to contact information within 30 days of the date of the change and to notify the OED Director of

any lapse in their authorization to represent clients before the trademark office in the country in which they are registered and reside.

The USPTO proposes to add § 11.14(h) to ascertain the validity of a reciprocally recognized foreign attorney's or agent's contact information and good standing with the trademark office or other duly constituted authority in the country in which the agent is registered and resides. Any foreign attorney or agent failing to give any information requested by the OED Director within a time limit specified is subject to having their reciprocal recognition withdrawn.

The USPTO proposes to add § 11.14(i) to create a process to withdraw reciprocal recognition of a foreign attorney or agent registered under paragraph (c)(1) if they: (1) are no longer registered with, in good standing with, or otherwise eligible to practice before, the trademark office of the country upon which reciprocal recognition is based; (2) no longer reside in such country; or (3) have not provided current contact information or have failed to validate their good standing with the trademark office in the country in which they are registered and reside as required in proposed § 11.14(g) and (h).

The USPTO proposes to add § 11.14(j) to specify that the process for a foreign attorney or agent whose recognition has been withdrawn and who desires to become reinstated is to reapply for recognition under § 11.14(f).

The USPTO proposes to amend § 11.19(a) to remove the term "emeritus status."

The USPTO proposes to amend § 11.22(h)(3) and (4) and add § 11.22(h)(5) to state that the OED Director may dispose of an investigation by entering into a diversion agreement with a practitioner.

The USPTO proposes to add § 11.30 to state the criteria by which the OED Director may enter into a diversion agreement with a practitioner.

The USPTO proposes to amend § 11.43 to clarify that prescribed time periods apply to only dispositive motions and that such motions shall be accompanied by a written memorandum.

The USPTO proposes to amend § 11.44(a) to allow hearings to be held by videoconference.

The USPTO proposes to amend § 11.52 to redesignate paragraphs (c) through (f) as paragraphs (d) through (g), and revise and restructure the contents of paragraphs (a) and (b) into revised paragraphs (a), (b), and (c) to provide clarity regarding certain discovery obligations on the part of the propounding and responding parties.

The USPTO proposes to amend § 11.55(m) to eliminate the requirement to submit an affidavit of support with a motion for an extension of time to file a brief regarding an appeal to the USPTO Director and to reorganize the section to move to new paragraph (p) the provision allowing the USPTO Director to extend, for good cause, the time for filing such a brief.

The USPTO proposes to add § 11.504(e) to allow a practitioner who is an attorney to share legal fees with a non-practitioner, to form a partnership with a non-practitioner, or to be part of a for-profit association or corporation owned by a non-practitioner, provided such arrangement fully complies with the laws, rules, and regulations of the attorney licensing authority of a State that regulates such arrangement and in which the practitioner is an active member in good standing.

## **Rulemaking Requirements**

***A. Administrative Procedure Act:*** The changes in this rulemaking involve rules of agency practice and procedure, and/or interpretive rules. *See Perez v. Mortgage Bankers Ass’n*, 135 S. Ct. 1199, 1204 (2015) (interpretive rules “advise the public of the agency’s construction of the statutes and rules which it administers”) (citations and internal quotation marks omitted); *Nat’l Org. of Veterans’ Advocates v. Sec’y of Veterans Affairs*, 260 F.3d 1365, 1375 (Fed. Cir. 2001) (rule that clarifies interpretation of a statute is interpretive); *Bachow Commc’ns Inc. v. FCC*, 237 F.3d 683, 690 (D.C. Cir. 2001) (rules governing an application process are procedural under the Administrative Procedure Act); *Inova Alexandria Hosp. v. Shalala*, 244 F.3d 342, 350 (4th Cir.

2001) (rules for handling appeals are procedural where they do not change the substantive standard for reviewing claims).

Accordingly, prior notice and opportunity for public comment for the changes in this rulemaking are not required pursuant to 5 U.S.C. 553(b) or (c), or any other law. *See Perez*, 135 S. Ct. at 1206 (notice-and-comment procedures are not required when an agency “issue[s] an initial interpretive rule” or when it amends or repeals that interpretive rule); *Cooper Techs. Co. v. Dudas*, 536 F.3d 1330, 1336-37 (Fed. Cir. 2008) (stating that 5 U.S.C. 553, and thus 35 U.S.C. 2(b)(2)(B), do not require notice-and-comment rulemaking for “interpretative rules, general statements of policy, or rules of agency organization, procedure, or practice”) (quoting 5 U.S.C. 553(b)(A)). Nevertheless, the USPTO has chosen to seek public comment before implementing the rule to benefit from the public’s input.

***B. Regulatory Flexibility Act:*** For the reasons set forth in this rulemaking, the Senior Counsel for Regulatory and Legislative Affairs, Office of General Law, of the USPTO, has certified to the Chief Counsel for Advocacy of the Small Business Administration that the changes proposed in this rule will not have a significant economic impact on a substantial number of small entities. *See* 5 U.S.C. 605(b).

This proposed rule would eliminate the \$110.00 fee that is charged when a registered patent agent changes their registration from an agent to an attorney to incentivize patent agents who become patent attorneys to promptly update their status in the register. This proposed change is expected to impact approximately 350 patent agents each year. Patent agents who become licensed attorneys are expected to request a change in status in order to accurately convey their status to the public. The USPTO does not collect or maintain statistics on the size status of impacted entities, which would be required to determine the number of small entities that would be affected by the proposed rule. However, assuming that all patent agents impacted by this rule are small entities, the elimination of the fee would not impact a substantial number of small entities because the approximately 350 patent agents do not constitute a significant

percentage of the approximately 47,000 patent practitioners registered to appear before the Office. In addition, the elimination of the \$110.00 fee would result in a modest benefit to those patent agents, as they would no longer be required to pay the fee when changing their designation from patent agent to patent attorney.

This proposed rule would also amend the rules regarding the representation of others before the USPTO by implementing new requirements and clarifying or improving existing regulations to better protect the public. This rule would make changes to the rules governing reciprocal recognition for the approximately 400 recognized foreign attorneys or agents who practice before the Office in trademark matters. These changes would require any reciprocally recognized foreign attorney or agent to keep contact information up to date, provide proof of good standing as a trademark practitioner before the trademark office of the country in which they reside, and notify the OED Director of any lapse in their authorization to represent clients before the trademark office in the country in which they are registered and reside. Absent a showing of cause, failure to comply shall result in the withdrawal of the reciprocal recognition, but an opportunity for reinstatement may be offered.

The Office also proposes to make changes to its disciplinary procedures to formalize a diversion program for patent and trademark practitioners who struggle with physical or mental health issues or law practice management issues. The program assists those practitioners in addressing the root causes of those issues, in lieu of formal discipline.

Finally, this rule would make other minor administrative changes to the regulations to simplify and otherwise improve consistency with existing requirements, thereby facilitating the public's compliance with existing regulations, including aligning with existing practice the rule governing practice before the Office by persons ineligible to become registered under § 11.6 because of their immigration status; changing the rule governing the professional independence of a practitioner to allow a practitioner to share legal fees with a non-practitioner, to form a partnership with a non-practitioner, or to be part of a for-profit association or corporation owned

by a non-practitioner, provided such arrangement fully complies with the laws, rules, and regulations of the attorney licensing authority of a State that regulates such arrangement and in which the practitioner is an active member in good standing; clarifying the procedures regarding disciplinary hearings and appeals of the same; and removing an inadvertent reference to “emeritus status.”

These proposed changes to the rules governing the recognition to practice before the Office would apply to the approximately 400 reciprocally recognized trademark practitioners who currently appear before the Office and approximately 47,000 patent practitioners registered or granted limited recognition to appear before the Office, as well as licensed attorneys practicing in trademark and other non-patent matters before the Office. The USPTO does not collect or maintain statistics on the size status of impacted entities, which would be required to determine the number of small entities that would be affected by the rule. However, a large number of the changes in this rule are not expected to have any impact on otherwise regulated entities because the changes to the regulations are procedural in nature. The one proposed change that may impose a new requirement is the provision for the approximately 400 reciprocally recognized foreign attorneys or agents to provide contact information and certificates of good standing as trademark practitioners before the trademark offices of the countries in which they reside. However, this provision is not expected to place a significant burden on those foreign attorneys or agents. Accordingly, the changes are expected to be of minimal or no additional burden to those practicing before the Office.

For the reasons discussed above, this rulemaking will not have a significant economic impact on a substantial number of small entities.

***C. Executive Order 12866 (Regulatory Planning and Review):*** This rulemaking has been determined to be significant for purposes of E.O. 12866 (Sept. 30, 1993).

***D. Executive Order 13563 (Improving Regulation and Regulatory Review):*** The Office has complied with E.O. 13563 (Jan. 18, 2011). Specifically, the Office has, to the extent feasible and



applicable: (1) made a reasoned determination that the benefits justify the costs of the rule; (2) tailored the rule to impose the least burden on society consistent with obtaining the regulatory objectives; (3) selected a regulatory approach that maximizes net benefits; (4) specified performance objectives; (5) identified and assessed available alternatives; (6) involved the public in an open exchange of information and perspectives among experts in relevant disciplines, affected stakeholders in the private sector, and the public as a whole, and provided online access to the rulemaking docket; (7) attempted to promote coordination, simplification, and harmonization across Government agencies and identified goals designed to promote innovation; (8) considered approaches that reduce burdens and maintain flexibility and freedom of choice for the public; and (9) ensured the objectivity of scientific and technological information and processes.

***E. Executive Order 13132 (Federalism):*** This rulemaking does not contain policies with federalism implications sufficient to warrant preparation of a Federalism Assessment under E.O. 13132 (Aug. 4, 1999).

***F. Executive Order 13175 (Tribal Consultation):*** This rulemaking will not: (1) have substantial direct effects on one or more Indian tribes; (2) impose substantial direct compliance costs on Indian tribal governments; or (3) preempt tribal law. Therefore, a tribal summary impact statement is not required under E.O. 13175 (Nov. 6, 2000).

***G. Executive Order 13211 (Energy Effects):*** This rulemaking is not a significant energy action under E.O. 13211 because this rulemaking is not likely to have a significant adverse effect on the supply, distribution, or use of energy. Therefore, a Statement of Energy Effects is not required under E.O. 13211 (May 18, 2001).

***H. Executive Order 12988 (Civil Justice Reform):*** This rulemaking meets applicable standards to minimize litigation, eliminate ambiguity, and reduce burden, as set forth in sections 3(a) and 3(b)(2) of E.O. 12988 (Feb. 5, 1996).

***I. Executive Order 13045 (Protection of Children):*** This rulemaking does not concern an environmental risk to health or safety that may disproportionately affect children under E.O. 13045 (Apr. 21, 1997).

***J. Executive Order 12630 (Taking of Private Property):*** This rulemaking will not effect a taking of private property or otherwise have taking implications under E.O. 12630 (Mar. 15, 1988).

***K. Congressional Review Act:*** Under the Congressional Review Act provisions of the Small Business Regulatory Enforcement Fairness Act of 1996 (5 U.S.C. 801 et seq.), prior to issuing any final rule, the USPTO will submit a report containing the final rule and other required information to the U.S. Senate, the U.S. House of Representatives, and the Comptroller General of the Government Accountability Office. The changes in this rulemaking are not expected to result in an annual effect on the economy of \$100 million or more, a major increase in costs or prices, or significant adverse effects on competition, employment, investment, productivity, innovation, or the ability of U.S.-based enterprises to compete with foreign-based enterprises in domestic and export markets. Therefore, this rulemaking is not expected to result in a “major rule” as defined in 5 U.S.C. 804(2).

***L. Unfunded Mandates Reform Act of 1995:*** The proposed changes in this rulemaking do not involve a Federal intergovernmental mandate that will result in the expenditure by State, local, and tribal governments, in the aggregate, of \$100 million (as adjusted) or more in any one year, or a Federal private sector mandate that will result in the expenditure by the private sector of \$100 million (as adjusted) or more in any one year, and will not significantly or uniquely affect small governments. Therefore, no actions are necessary under the provisions of the Unfunded Mandates Reform Act of 1995. *See* 2 U.S.C. 1501 et seq.

***M. National Environmental Policy Act of 1969:*** This rulemaking will not have any effect on the quality of the environment and is thus categorically excluded from review under the National Environmental Policy Act of 1969. *See* 42 U.S.C. 4321 et seq.

***N. National Technology Transfer and Advancement Act of 1995:*** The requirements of section 12(d) of the National Technology Transfer and Advancement Act of 1995 (15 U.S.C. 272 note) are not applicable because this rulemaking does not contain provisions that involve the use of technical standards.

***O. Paperwork Reduction Act of 1995:*** The Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.) requires that the Office consider the impact of paperwork and other information collection burdens imposed on the public. This rulemaking involves information collection requirements that are subject to review and approval by the Office of Management and Budget (OMB) under the Paperwork Reduction Act. The collections of information involved in this rulemaking have been reviewed and previously approved by OMB under OMB control numbers 0651-0012 (Admission to Practice and Roster of Registered Patent Attorneys and Agents Admitted to Practice Before the USPTO) and 0651-0017 (Practitioner Conduct and Discipline).

Notwithstanding any other provision of law, no person is required to respond to, nor shall a person be subject to a penalty for failure to comply with, a collection of information subject to the requirements of the Paperwork Reduction Act, unless that collection of information has a currently valid OMB control number.

***P. E-Government Act Compliance:*** The USPTO is committed to compliance with the E-Government Act to promote the use of the internet and other information technologies, to provide increased opportunities for citizen access to Government information and services, and for other purposes.

## **List of Subjects**

### **37 CFR Part 1**

Administrative practice and procedure, Biologics, Courts, Freedom of information, Inventions and patents, Reporting and recordkeeping requirements, Small businesses.

## **37 CFR Part 11**

Administrative practice and procedure, Inventions and patents, Lawyers, Reporting and recordkeeping requirements.

For the reasons set forth in the preamble, the USPTO proposes to amend 37 CFR parts 1 and 11 as follows:

### **PART 1—RULES OF PRACTICE IN PATENT CASES**

1. The authority section for part 1 continues to read as follows:

**Authority:** 35 U.S.C. 2(b)(2), unless otherwise noted.

#### **§ 1.21 [Amended]**

2. Amend § 1.21 by removing and reserving paragraph (a)(2)(iii).

### **PART 11—REPRESENTATION OF OTHERS BEFORE THE UNITED STATES PATENT AND TRADEMARK OFFICE**

3. The authority citation for part 11 continues to read as follows:

**Authority:** 5 U.S.C. 500; 15 U.S.C. 1123; 35 U.S.C. 2(b)(2), 32, 41; Sec. 1, Pub. L. 113-227, 128 Stat. 2114.

4. Amend § 11.7 by revising paragraph (l) to read as follows:

#### **§ 11.7 Requirements for registration.**

\* \* \* \* \*

(l) *Transfer of status from agent to attorney.* An agent registered under § 11.6(b) may request registration as an attorney under § 11.6(a). The agent shall demonstrate their good standing as an attorney.

5. Amend § 11.9 by revising paragraph (b) to read as follows:

#### **§ 11.9 Limited recognition in patent matters.**

\* \* \* \* \*

(b) *Limited recognition for a period consistent with immigration status.* An individual ineligible to become registered under § 11.6 because of their immigration status may be granted

limited recognition to practice before the Office in patent matters, provided the U.S. Government authorizes employment or training in the United States for the individual to represent a patent applicant by preparing or prosecuting a patent application, and the individual fulfills the provisions of paragraphs (d) and (e) of this section. Limited recognition shall be granted only for a period consistent with the terms of the immigration status and employment or training authorized. Limited recognition is subject to United States immigration rules, statutes, laws, and regulations. If granted, limited recognition shall automatically terminate if the individual ceases to: lawfully reside in the United States, maintain authorized employment or training, or maintain their immigration status. Limited recognition shall not be granted or extended to a non-U.S. citizen residing outside the United States.

\* \* \* \* \*

6. Amend § 11.14 by revising paragraphs (c)(1) and (f) and adding paragraphs (g) through (j) to read as follows:

**§ 11.14 Individuals who may practice before the Office in trademark and other non-patent matters.**

\* \* \* \* \*

(c) \* \* \*

(1) Any foreign attorney or agent who is not a resident of the United States who shall file a written application for reciprocal recognition under paragraph (f) of this section and prove to the satisfaction of the OED Director that they are a registered and active member in good standing as a trademark practitioner before the trademark office of the country in which they reside and practice and possess good moral character and reputation, may be recognized for the limited purpose of representing parties located in such country before the Office in the presentation and prosecution of trademark matters, provided the trademark office of such country and the USPTO have reached an official understanding to allow substantially reciprocal privileges to those permitted to practice in trademark matters before the Office. Recognition

under this paragraph (c)(1) shall continue only during the period in which the conditions specified in this paragraph (c)(1) are met.

\* \* \* \* \*

(f) *Application for reciprocal recognition.* An individual seeking reciprocal recognition under paragraph (c)(1) of this section, in addition to providing evidence satisfying the provisions of paragraph (c)(1) of this section, shall apply in writing to the OED Director for reciprocal recognition, and shall pay the application fee required by § 1.21(a)(1)(i) of this subchapter.

(g) *Obligation to provide updated contact information and licensure status.* A practitioner granted reciprocal recognition under paragraph (c)(1) of this section must provide to the OED Director their postal address, at least one and up to three email addresses where they receive email, and a business telephone number, as well as any change to such addresses and telephone number within 30 days of the date of the change. Any reciprocally recognized practitioner failing to provide the information to the OED Director or update the information within 30 days of the date of change is subject to having their reciprocal recognition withdrawn under paragraph (i) of this section. A practitioner granted reciprocal recognition under paragraph (c)(1) of this section must notify the OED Director of any lapse in their authorization to represent clients before the trademark office in the country in which they are registered and reside.

(h) *Communications with recognized trademark practitioners.* The OED Director may address a letter to any practitioner granted reciprocal recognition under paragraph (c)(1) of this section, to the postal address last provided to the OED Director, for the purposes of ascertaining the practitioner's contact information and/or the practitioner's good standing with the trademark office in the country in which the practitioner is registered and resides. Any practitioner who receives such letter must provide their contact information, and, if requested, a certificate of good standing with the trademark office in the country in which the practitioner is registered and resides. Any practitioner failing to reply and give any information requested by the OED

Director within a time limit specified will be subject to having their reciprocal recognition withdrawn under paragraph (i) of this section.

(i) *Withdrawal of reciprocal recognition.* Upon notice that a trademark practitioner registered under paragraph (c)(1) of this section is no longer registered with, in good standing with, or otherwise eligible to practice before, the trademark office of the country upon which reciprocal recognition is based; that such practitioner no longer resides in such country; or that such practitioner has not provided information required in paragraphs (g) and/or (h) of this section, and absent a showing of cause why the practitioner's recognition should not be withdrawn, the OED Director shall promptly withdraw such recognition and publish a notice of such action.

(j) *Reinstatement of reciprocal recognition.* Any practitioner whose recognition has been withdrawn pursuant to paragraph (i) of this section may reapply for recognition under paragraph (f) of this section.

7. Amend § 11.19 by revising paragraph (a) to read as follows:

**§ 11.19 Disciplinary jurisdiction; grounds for discipline and for transfer to disability inactive status.**

(a) *Disciplinary jurisdiction.* All practitioners engaged in practice before the Office, all practitioners administratively suspended under § 11.11, all practitioners registered or recognized to practice before the Office in patent matters, all practitioners resigned or inactivated under § 11.11, all practitioners authorized under § 41.5(a) or § 42.10(c) of this chapter, and all practitioners transferred to disability inactive status or publicly disciplined by a duly constituted authority are subject to the disciplinary jurisdiction of the Office and to being transferred to disability inactive status. A non-practitioner is also subject to the disciplinary authority of the Office if the person engages in or offers to engage in practice before the Office without proper authority.

\* \* \* \* \*

8. Amend § 11.22 by revising paragraphs (h)(3) and (4) and adding paragraph (h)(5) to read as follows:

**§ 11.22 Disciplinary investigations.**

\* \* \* \* \*

(h) \* \* \*

(3) Instituting formal charges upon the approval of the Committee on Discipline;

(4) Entering into a settlement agreement with the practitioner and submitting the same for the approval of the USPTO Director; or

(5) Entering into a diversion agreement with the practitioner.

\* \* \* \* \*

9. Add § 11.30 to read as follows:

**§ 11.30 Participation in the USPTO Diversion Program.**

(a) Before or after a complaint under § 11.34 is filed, the OED Director may dispose of a disciplinary matter by entering into a diversion agreement with a practitioner. Diversion agreements may provide for, but are not limited to, law office management assistance, counseling, participation in lawyer assistance programs, and attendance at continuing legal education programs. Neither the OED Director nor the practitioner is under any obligation to propose or enter into a diversion agreement. To be an eligible party to a diversion agreement, a practitioner cannot have been disciplined by the USPTO or another jurisdiction within the past three years, except that discipline by another jurisdiction is not disqualifying if that discipline in another jurisdiction was based on the conduct forming the basis for the current investigation.

(b) For a practitioner to be eligible for diversion, the conduct at issue must not involve:

(1) The misappropriation of funds or dishonesty, deceit, fraud, or misrepresentation;

(2) Substantial prejudice to a client or other person as a result of the conduct;

(3) A serious crime as defined in § 11.1; or

(4) A pattern of similar misconduct unless the misconduct at issue is minor and related to



a chronic physical or mental health condition or disease.

(c) The diversion agreement is automatically completed when the terms of the agreement have been fulfilled. A practitioner's successful completion of the diversion agreement bars the OED Director from pursuing discipline based on the conduct set forth in the diversion agreement.

(d) A material breach of the diversion agreement shall be cause for termination of the practitioner's participation in the diversion program. Upon a material breach of the diversion agreement, the OED Director may pursue discipline based on the conduct set forth in the diversion agreement.

10. Revise § 11.43 to read as follows:

**§ 11.43 Motions before a hearing officer.**

Motions, including all prehearing motions commonly filed under the Federal Rules of Civil Procedure, shall be served on an opposing party and filed with the hearing officer. Every motion must include a statement that the moving party or attorney for the moving party has conferred with the opposing party or attorney for the opposing party in a good-faith effort to resolve the issues raised by the motion and whether the motion is opposed. If, prior to a decision on the motion, the parties resolve issues raised by a motion presented to the hearing officer, the parties shall promptly notify the hearing officer. Any motion for summary judgment or motion to dismiss shall be accompanied by a written memorandum setting forth a concise statement of the facts and supporting reasons, along with a citation of the authorities upon which the movant relies. All memoranda shall be double-spaced and written in 12-point font unless otherwise ordered by the hearing officer. Unless the hearing officer extends the time for good cause, the opposing party shall serve and file a memorandum in response to any motion for summary judgment or motion to dismiss within 21 days of the date of service of the motion, and the

moving party may file a reply memorandum within 14 days after service of the opposing party's responsive memorandum.

11. Amend § 11.44 by revising paragraph (a) to read as follows:

**§ 11.44 Hearings.**

(a) The hearing officer shall preside over hearings in disciplinary proceedings. After the time for filing an answer has elapsed, the hearing officer shall set the time and place for the hearing. In cases involving an incarcerated respondent, any necessary oral hearing may be held at the location of incarceration. The hearing officer may order a hearing to be conducted by remote videoconference in whole or in part. Oral hearings will be recorded and transcribed, and the testimony of witnesses will be received under oath or affirmation. The hearing officer shall conduct the hearing as if the proceeding were subject to 5 U.S.C. 556. A copy of the transcript of the hearing shall become part of the record. A copy of the transcript shall also be provided to the OED Director and the respondent at the expense of the Office.

\* \* \* \* \*

12. Amend § 11.52 by:

- a. Revising paragraphs (a) and (b);
- b. Redesignating paragraphs (c) through (f) as paragraphs (d) through (g); and
- c. Adding a new paragraph (c).

The revisions and addition read as follows:

**§ 11.52 Written discovery.**

(a) After an answer is filed under § 11.36, a party may file a motion under § 11.43 seeking authorization to propound written discovery of relevant evidence, including:

- (1) A reasonable number of requests for admission, including requests for admission as to the genuineness of documents;
- (2) A reasonable number of interrogatories;
- (3) A reasonable number of documents to be produced for inspection and copying; and

(4) A reasonable number of things other than documents to be produced for inspection.

(b) The motion shall include a copy of the proposed written discovery requests and explain in detail, for each request made, how the discovery sought is reasonable and relevant to an issue actually raised in the complaint or the answer. Any response shall include specific objections to each request, if any. Any objection not raised in the response will be deemed to have been waived.

(c) The hearing officer may authorize any discovery requests the hearing officer deems to be reasonable and relevant. Unless the hearing officer orders otherwise, within 5 days of the hearing officer authorizing any discovery requests, the moving party shall serve a copy of the authorized discovery requests to the opposing party and, within 30 days of such service, the opposing party shall serve responses to the authorized discovery requests.

\* \* \* \* \*

13. Amend § 11.55 by revising paragraph (m) and adding paragraph (p) to read as follows:

**§ 11.55 Appeal to the USPTO Director.**

\* \* \* \* \*

(m) Unless the USPTO Director permits, no further briefs or motions shall be filed.

\* \* \* \* \*

(p) The USPTO Director may extend the time for filing a brief upon the granting of a motion setting forth good cause warranting the extension.

14. Amend § 11.504 by adding paragraph (e) to read as follows:

**§ 11.504 Professional independence of a practitioner.**

\* \* \* \* \*

(e) The prohibitions of paragraph (a), (b), or (d)(1) or (2) of this section shall not apply to an arrangement that fully complies with the laws, rules, and regulations of the attorney licensing authority of a State that regulates such arrangement and in which the practitioner is an active

member in good standing.

**Katherine K. Vidal,**

*Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office.*

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